

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

----- In the Matter of -----

) Docket No. 2008-0274  
)

PUBLIC UTILITIES COMMISSION )  
)

Instituting a Proceeding to Investigate )  
Implementing a Decoupling Mechanism for )  
Hawaiian Electric Company, Inc., Hawaii )  
Electric Light Company, Inc. and Maui Electric )  
Company, Limited. )  
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PUBLIC UTILITIES  
COMMISSION

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FILED

HAWAII SOLAR ENERGY ASSOCIATION'S

POST-HEARING REPLY BRIEF

AND

CERTIFICATE OF SERVICE

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HAWAII SOLAR ENERGY ASSOCIATION'S  
POST-HEARING REPLY BRIEF

Hawaii Solar Energy Association ("HSEA") respectfully submits its Post-Hearing Reply Brief. After reviewing the Opening Briefs, and based on various discussions with the other Parties regarding the content of this Post Hearing Reply Brief, HSEA notes that there appears to be broad agreement (with the exception of the HECO Companies who objected in their Opening Brief and the CA who took no position in their Opening Brief) on the importance of some form of "performance metric" or "performance incentive mechanism" (PIM), as a quid pro quo for the benefits conferred on the HECO Companies by RAM. HSEA believes that the "PIM issue" can be subdivided into several questions. (1) Should there be a PIM? (2) If so, what should it look like? (3) How should PIM, RAM, and RBA be phased? HSEA proposes the following answers to these questions:

1. *Should there be PIM?* HSEA remains convinced of the necessity of a PIM to encourage utility collaboration in the attainment of the State's renewable energy goals. In this sense, the need for a PIM is a partial remedy for the facts that: (a) The existing

statutory framework for missing goals such as RPS is modest. (b) And the fact that in the October 2008 Energy Agreement the State of Hawaii signed up to a package of commitments that, in essence, conveys an expectation that the HECO Companies will undertake a series of things that they may find challenging in exchange for a series of rewards - but that the implementation of this challenge/reward package comes in part through proceedings that examine issues singly.

By severing the link between the rewards and challenges, this one-issue-at-a-time approach to implementing the October 2008 Agreement runs the risk of setting up an incentive structure where the HECO Companies might rationally pursue the rewards and challenges of the Agreement without equal vigor. In this context where the rewards and challenges have been separated, HSEA believes that external mechanisms, such as the PIM, are an appropriate means of ensuring that the Commission does not convey rewards such as RAM without insuring itself against the possibility that the State and its ratepayers do not receive compensating benefits.

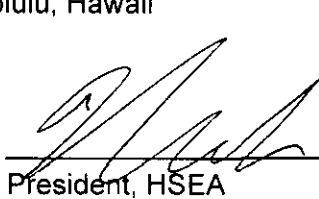
2. *What should PIM look like?* HSEA is not able to describe or articulate the optimal PIM structure. HSEA believes that various submissions in the docket have provided plausible mechanisms for implementing a PIM but HSEA itself is not at this point able to comment on the differential appropriateness of each proposal. HSEA believes that the parties in this docket could devise a workable, and mutually agreeable PIM with additional rounds of investigation/discovery.

3. *How should PIM, RAM, and RBA be phased?* HSEA does not believe that it is appropriate to proceed with individual elements of decoupling without commitment to all of them. To this end HSEA advocates first sorting out the PIM issue and then

proceeding with other elements of decoupling.

In closing, HSEA notes that in the hours before this filing was due there was some effort by a subset of interveners to reach a broad-based compromise on the PIM issue, as a way to build consensus on other issues. HSEA was not included to any meaningful degree in these discussions. However, HSEA does not object in principle to the idea of clarifying and accelerating the utility's ability to recover costs through the RAM or to the idea of devoting additional time to devising an appropriate PIM. However, HSEA feels strongly that the ultimate format of all these measures should all be determined before each measure proceeds.

Dated: September 29, 2009, Honolulu, Hawaii

  
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President, HSEA

## CERTIFICATE OF SERVICE

The foregoing Post-Hearing Reply Brief was served on the date of filing by Hand

Delivery or electronically transmitted to each such Party as follows.

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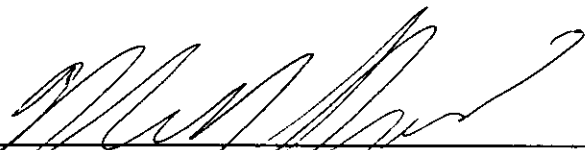
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